



Cuyahoga County Agency of Inspector General



2019 REPORT OF INVESTIGATION MISSING CASH PAYMENT - TREASURER'S OFFICE MAY 24, 2019

Inspector General Mark D. Griffin

Cuyahoga County Agency of Inspector General
2019 Missing Cash Payment

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I. Summary

On March 6, 2019, the Cuyahoga County ("County") Treasurer's Office ("Treasury") informed the Agency of Inspector General ("AIG") that a cash payment of \$2,214.30, made on January 3, 2019, was missing or stolen. After investigating the matter, the AIG found that:

- Cash payments received for OneStop payments are not recorded in the County's electronic system at the time the cash is received;
- Numbered receipts are hand-written and are not issued in sequential order;
- OneStop cash payments are placed in an unlocked lock box, stored outside the view of security cameras, and accessible by at least 12 employees;
- The key to the lock box was frequently left in the lock;
- OneStop cash payments - although stored in an unlocked, unrecorded, accessible box - are not counted, reconciled, or entered into the County's electronic system until Friday of each week;
- OneStop cash payments are not reconciled against an independent record;
- The AIG's reconciliation of hand-written OneStop records with electronic records indicated that approximately 30% of transactions are missing documents.
- The AIG's reconciliation identified one additional \$307.75 cash payment that appears to be missing or stolen;
- Because the County does not enter the OneStop cash and tax payments received on a daily basis into its electronic record, the County's daily financial statements are not consistently accurate; and
- Because of the failure of the County's processes, the County was unaware for more than sixty days that \$2,214.30 in cash was missing until the taxpayer asked why her account had not been credited.

As a result of the County's incomplete record keeping and insufficient security measures, without additional information, the AIG was unable to conclusively determine which of the numerous employees is responsible. The AIG notes that County staff were unaware of, and not trained on, the best practices for handling cash as previously recommended by the Ohio Auditor of State (2017) and the County Department of Internal Audit (2014).

Since learning of the missing funds, the Treasurer's Office has implemented changes in its procedures. The Treasurer's changes and initial response to this Report of Investigation are attached as Exhibit A. Among other improvements, the Treasurer indicates that he has

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instituted changes regarding the recording, reconciliation and security of cash payments. Other changes are still in process.

After the initiation of many of these changes, a May 13th cash payment of \$4,000 was unrecorded and missing for two days until it was eventually found by Treasury staff. The AIG recommends that additional safeguards be implemented as soon as possible. The AIG's recommendations are set forth below.

II. Background

A. Allegations

On March 7, 2019, representatives from the AIG and Department of Internal Audit ("DIA") met with Treasury Deputy Director Jeannet Wright ("Wright") regarding a missing OneStop payment. Wright explained that OneStop payments are used by the Treasury to allow taxpayers to make payments to multiple County departments. Specifically, for the transaction in question, the OneStop process allowed a taxpayer to pay for property taxes and a tax lien fee in one transaction.

Wright informed the AIG and DIA that a \$2,214.30 cash payment made on January 3, 2019 was missing. Wright confirmed that she viewed security video that showed a County cashier receive the payment and that it appeared the cashier processed the transaction according to Treasury's OneStop payment process.

On March 15, 2019, Treasury management also advised the AIG of similar circumstances involving a child support cash payment that also went missing for a period of time in December of 2018. They reported that a \$2,200 child support payment made on December 24, 2018 was missing for approximately 11 days.

This missing payment was not noticed until January 4, 2019 when the customer who made the child support payment called to inquire why the payment had not been posted to his account. At that time, the Cashier Supervisor realized that the child support payment was missing. The \$2,200 child support payment was located on January 4, 2019. It was purportedly located behind the drawer where the payments are stored. Multiple cashiers have access to this drawer.

B. Timeline

Missing Cash Payments

December 24, 2018	<ul style="list-style-type: none">• \$2,200 Cash Child Support payment accepted• \$2,200 Child Support payment not included in daily deposit or reconciled.
January 3, 2019	<ul style="list-style-type: none">• \$2,214.30 Cash OneStop payment accepted
January 4, 2019	<ul style="list-style-type: none">• \$2,200 Cash Child Support payment located• \$2,214.30 OneStop payment not included in weekly deposit or reconciled
March 5, 2019	<ul style="list-style-type: none">• \$2,214 Cash OneStop payment is reported missing by taxpayer
March 6, 2019	<ul style="list-style-type: none">• \$307.75 cash OneStop payment was accepted
May 13, 2019	<ul style="list-style-type: none">• \$4,000 Cash OneStop foreclosure payment accepted• \$4,000 OneStop foreclosure payment not deposited
May 15, 2019	<ul style="list-style-type: none">• \$4,000 OneStop foreclosure payment located on desk of cashier who accepted the payment

C. County Treasurer's Office

The Treasury's website provides an overview of the department's function which includes its mission statement:

The Treasury's mission is to collect, invest, safeguard and disburse public monies in a legal, efficient and professional manner.

The County has over 500,000 real estate tax parcels and, approximately, 2,800 manufactured home parcels. Real property taxes are levied on land and buildings and serve as the main source of revenue for schools with, approximately, 60% of the tax payment going towards the local school district.

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The County Treasury manages an investment portfolio of over \$700 million. Nearly \$2.0 billion in annual tax revenue is collected and distributed to schools, libraries, parks, municipalities and to the County government itself, which provides a myriad of social services to county residents.

The Treasury's responsibilities are divided amongst the following divisions:

- Administration
- Investments
- Cashiering
- Taxpayer Services
- Tax Delinquency Response Unit (TDRU)
- Quality Assurance
- Remittance Processing

D. OneStop Payment

The OneStop payment system is a process that allows taxpayers to make payments to multiple County departments in one place. Specifically, the OneStop transaction at issue here allowed a taxpayer to pay for their property taxes and lien fee in one transaction at the Treasury Cashier's Office.

E. Child Support Payments

According to the Office of Child Support Services ("OCSS") website, cash child support payments are accepted at Treasury, County Juvenile Court, County Clerk of Court's Office, and County Job and Family Services Virgil E. Brown building.

III. Missing OneStop Payment

A. OneStop Process

The process for OneStop payments that involve lien fees was described by Treasury employees as follows:

- Prior to accepting Payment
 - Taxpayer attempts to pay property taxes with Treasury Cashier;
 - After accessing client's account, Cashier receives a notice advising of an outstanding lien fee;
 - Customer is referred to Taxpayer Services;
 - Representative from Taxpayer Services verifies the lien fee and property tax amount;
 - Representative from Taxpayer Services writes up a Cost Billing Invoice ("CBI") that reflects the lien fee and property tax amount; and

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- The taxpayer is then directed to take the form back to a Treasury Cashier to remit payment.

CBIs are used by the Treasurer's office to process payments that include fees from other County departments. The CBI is a quadruplicate form that consists of a white, yellow, pink and gold copy. The CBIs are numbered forms, but they are not issued in numeric order. The CBIs are issued as indicated below:

- White Copy – Kept with payment
 - Yellow Copy – Given to Customer
 - Pink/Gold Copy– Returned to Taxpayer Services
- Payment
 - After returning to a Treasury Cashier, the taxpayer remits cash, check or money order ("payment") and the completed CBI for processing.
 - The Cashier verifies that the payment agrees with the CBI, time/date stamps the CBI and writes the form of payment and cashier's initials on the CBI.
 - The yellow copy of the CBI along with the taxpayer's portion of the tax bill is returned to the taxpayer to be used as receipt of payment.
 - Processing After Payment – the Unlocked Lock Box
 - The payment and the County portion of the tax bill are placed into an envelope and the white copy of the CBI is attached.
 - The payment and white copy of the CBI are then placed in a "lockbox."
 - The "lockbox" where the payments are stored was generally not locked and when investigators toured the area the key was in the locking mechanism. The "lockbox" was kept in an area accessible to numerous Treasury employees outside of camera view between 08:30 a.m. and 4:30 p.m. According to Treasury employees, the box is moved from the vault room to the counter in the morning and then returned from the counter to the vault room in the evening. Additionally, the OneStop payments were only entered into the MVP¹ system and deposited once a week.

¹ MVP is the County's property tax management system used to record and track real estate payments, refunds, penalties, and adjustments.



- "Reconciliation" Occurs Only Weekly, Not Daily and Does Not Reconcile Against an Independent Record.
 - Each week, a cashier is assigned to record the OneStop payments received in MVP.
 - Every Friday the assigned cashier records the items from the OneStop box in MVP.
 - This process does not "reconcile" the amounts in the box against a separate independent record.
 - A receipt is generated from MVP and attached to the white copy of the CBI and the payment is placed in the Cashier's drawer.
 - At the end of the day the cashier responsible for entering the OneStop payments records the OneStop payments entered into MVP that day.

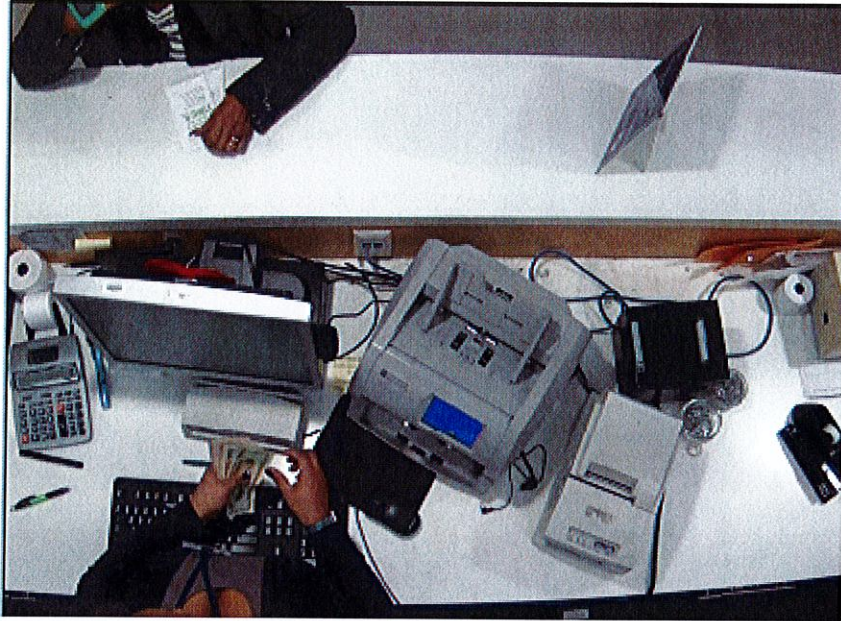
B. Security Video Reviewed

After reviewing the camera placement, the AIG learned that the Treasury not only stored the OneStop payments in an unlocked box, but it also placed the box in an area not covered by security cameras. ***This means that during business hours, all OneStop payments are stored in an unlocked box outside of camera view and accessible to all County employees who have access to the cashier area.***

AIG investigators requested camera footage of the employee's workspace during the time of the transaction in question.

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- Camera covering the cashier's workstation January 3, 2019 between 4:15 p.m. and 5:00 p.m.



Security video was reviewed near the time stamped on the customer's receipt. The video shows the customer approaching the cashier counter at 4:20:27 p.m. The customer counted the cash then handed it to the cashier who ran the cash through the cash counting machine on her desk.

The cashier gave the customer her change and left camera view at 4:23:48 p.m. She returned to her station 21 seconds later, at 4:24:09 p.m., and provided the customer with a receipt. The customer left the counter at 4:24:20 p.m.

After the customer left, the cashier spoke with a different customer and then left camera view at 4:24:52 p.m. She returned to her station 39 seconds later, at 4:25:31 p.m.

The area to the left of the cashier including the cashier's money drawer and portions of the desk used to handle cash were not visible in this camera view.

C. Documents Reviewed

1) County Treasury Policy and Procedure Manual (2013)

The manual contains a section that addresses OneStop payments. However, this section does not include information directing employees to process the transactions as described above.

The manual also contains a Cashiers section. This section does not include information directing employees to process the transactions as described above.

2) Hand-Written Receipt for Missing OneStop Payment²

The AIG reviewed the pink and gold copies of CBI #58425 dated January 3, 2019 and for parcel #138-20-002. Treasury management located the copies in the Taxpayer Services department.

The form reflected a total cash payment of \$2,214.30. \$2,114.30 of the payment was for property taxes and \$100 of the payment was to address an administrative lien fee applied by the County.

The receipt was stamped with the Treasurer's Office stamp on January 3, 2019 at 4:21 p.m. and "KW 2214.32 Cash" was handwritten on the receipt.

² Attached as **EXHIBIT B**.

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OSP(A) No. 58425

CUYAHOGA COUNTY TREASURER'S OFFICE
Cost Billing Invoice
REAL ESTATE TAX COSTS

Parcel #: [REDACTED] Tax Foreclosure Case #: _____

☒ Redeemed ☐ Contract #: _____

Itemized Costs:

<input type="checkbox"/> County Executive	_____	Title Report	_____
<input type="checkbox"/> Clerk of Courts	_____	Court Costs	_____
<input type="checkbox"/> County Sheriff	_____	Sheriff's Costs	_____
<input checked="" type="checkbox"/> County Treasurer	_____	Taxes	_____

Treasurer Fees:

<input checked="" type="checkbox"/> Administrative Fee	100	Treasurer Fees	100
<input type="checkbox"/> Title Search	_____		
<input type="checkbox"/> Notification	_____		

PAYABLE TO CUYAHOGA COUNTY TREASURER

Total Cost 221

Payable by Cash, Certified Check or Money Order
NO PERSONAL CHECKS

19 JAN 11 PM 4:21
CUYAHOGA COUNTY
TREASURER'S OFFICE

3) **OneStop Cost Billing Invoices**

The AIG requested all CBI forms processed by the Treasury between January 1, 2019 and March 8, 2019. The Cashier Manager provided all CBI white copies from the requested period and a Taxpayer Services manager provided the CBI pink and gold copies on file for the requested time period.

4) **Access Database - OneStop transactions**

The Treasury employee tasked with entering the OneStop payments into MVP for the week is also instructed to enter the transaction information into an Access database. The AIG obtained a copy of the Treasury database for review. The missing payment is not recorded in the Access database obtained from the Treasury.

5) **OneStop Transaction from FAMIS**

The OneStop payments processed on January 4, 2019 do not include the missing payment. Treasury management generated an MVP report that includes all OneStop payments made between January 1, 2019 and March 8, 2019. This report does not reflect the missing payment.

6) DIA Review of Daily Transaction Tapes and Spreadsheets

County Internal Auditor Cory Swaisgood ("Swaisgood") performed the following procedure to ensure the cash discrepancy was not due to a bank reconciliation issue:

Swaisgood reviewed the daily cash sheets between January 3, 2019 and January 31, 2019.³ He then compared the daily sheet amounts to the bank statement, the banker's register tapes, and the cash management team's daily cash reconciliation to ensure that cash is collected, counted recorded and reconciled. Swaisgood notified the AIG that the information listed above reconciled and he was not able to locate a record of the funds in question being deposited.

D. Thirty Percent of OneStop Cash Transactions Are Missing Documents

This investigation revealed that when a OneStop payment is processed according to the current process, the following records should be created and available for review:

- White copy of CBI – On file with Cashier's Office
- Pink/gold copy of CBI – On file with Taxpayer Services department
- Access database entry – Database maintained by Cashier's Office
- MVP entry

The AIG requested the above listed information from Treasury for all OneStop payments containing the \$100 lien fee between January 1, 2019 and March 8, 2019.

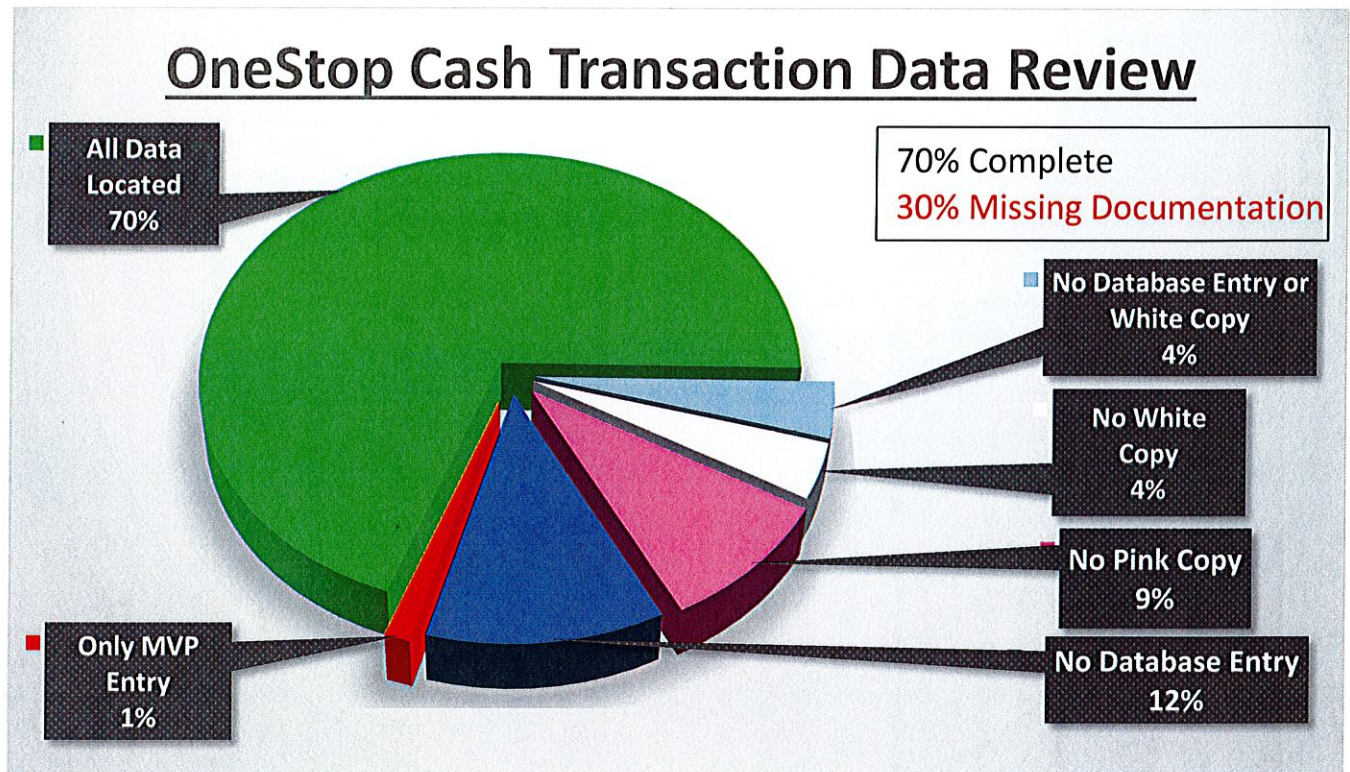
A review of the information identified seventy-six (76) OneStop cash transactions that included lien fees. It should be noted that although the CBIs are numbered, the CBIs are not issued in numerical order.⁴

A review of the OneStop transactions between January 1, 2019 and March 8, 2019 also indicated that:

- 70% (53) of the entries reviewed were supported by the pink/gold copy, white copy and an entry in the Access database.
- 12% (9) of the entries reviewed were missing the Access database entry.
- 9% (6) of the entries reviewed were missing the pink copy.
- 4% (3) of the entries reviewed were missing white copy.
- 4% (3) of the entries reviewed were missing the MVP entry and the white copy.
- 1% (1) of the entries reviewed were entered into MVP but missing all other documentation.

³ These daily cash sheets included daily cash revenue from MVP reports.

⁴ Because the Treasury does not immediately log the transactions at the time they are received over the counter or issue the CBIs in numerical order, it is not possible to definitively identify all payments received during the reviewed period.



The review revealed that OneStop payment #57350⁵ posted on March 6, 2019 in the amount of \$307.75 is also missing.⁶

Additionally, although OneStop payment #58425 in the amount of \$2,214.32 still had not been located, the payment was posted to the taxpayer's property account in the MVP system on April 4, 2019.⁷

IV. Missing & Discovered Child Support Payment

A. Child Support Payment Process

The process for accepting child support payments was described by Treasury employees as follows:

⁵ Attached as **EXHIBIT C**.

⁶ Treasury employees notified the AIG that this additional \$307.75 payment was missing on May 15, 2019. Treasury management is currently attempting to locate the payment and as of the date of this report confirmed the payment is still missing.

⁷ Video confirms that the Treasury received the payment. Therefore, it was necessary to apply the payment to the taxpayer's account.

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- Payment
 - The customer remits payment along with a completed Cash Payment Receipt ("CPR"). The CPR form is in triplicate and asks for customer information, SETS case #, order #, obligee information, and children.
 - Cashier collects the payment, stamps the CPR with the date/time and provides the customer with the Yellow copy of the CPR as a receipt.
 - The payment and the white form are placed in the lower drawer of a designated cashier's work station.
- Reconciliation
 - At the end of each day, a Treasury Administrative Assistant 2 ("AA2") reconciles the Child support payments in his/her drawer.

Cash Payment Receipt Form is used to record the obligor's personal information as well as case identification information to ensure that the payment is properly recorded. CPR is a triplicate form that consists of a white, yellow and pink copy. The CPR forms are numbered and stored in the Vault room. AA2 stated the forms are issued in numeric order. AA2 also stated that if he notices form are not being issued in order he voids any missing numbers (the void list is kept in the Vault room).

- White copy – Kept with payment
- Yellow copy – Given to customer
- Pink copy– Goes to OCSS

B. Documents Reviewed

1) County Treasury Policy and Procedure Manual (2013)

The manual does not contain a section that addresses the proper handling of child support payments. The manual, however, contains a Cashiers section. This section includes a summary entitled "Duties Performed" with a description of how to "take" child support payments. There is no direction given regarding which cashiers can collect the money or how the reconciliation should be conducted. This section **does not** direct employees to collect the payments in a central unlocked drawer.

2) Security Video

No security video was available for the December 24, 2018 missing Child support payment because, by the time the incident was reported to the AIG, it was beyond the County's retention period for video.


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3) **December 24, 2018 Child Support Receipt⁸**

The AIG reviewed a copy of receipt number 1250953 dated December 24, 2018 reflecting a cash payment of \$2,200.

The receipt was stamped with the Treasurer's Office stamp on December 18, 2018 at 10:42 a.m. and "KB 2200.00" was handwritten on the receipt.

CASH PAYMENT RECEIPT Nº 1250953

 DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF CHILD SUPPORT SERVICES

Date: 12/24/18

Payer: [REDACTED] Soc. Sec. No.: [REDACTED]

Address: [REDACTED] Apt. [REDACTED]

City, State, Zip: [REDACTED]

Phone No. (required): Home [REDACTED] Cell Same

E-mail Address: [REDACTED]

SETS Case No.: [REDACTED]

Order No.: [REDACTED]

Obligee: [REDACTED]

Children: [REDACTED]

Children: [REDACTED]

18 DEC 24 AM 10:42

\$2200.00

PAYMENT AMOUNT

\$ 2200.00

PLEASE FILL OUT COMPLETELY TO ENSURE PROPER PROCESSING OF PAYMENT

4297

4) **Prosecutor's Office – Case of Falsified Child Support Receipts**

The County Prosecutor's Office notified the AIG that a defendant presented falsified documents purporting that he made child support payments that he did not actually make. Specifically, the defendant obtained blank numbered child support receipts from the Clerk of Courts, filled them out, and presented them to his probation officer as proof of child support payments.

On April 11, 2019, Swaisgood emailed County Treasurer Chris Murray ("Murray") to advise him that the Prosecutor's Office asked DIA to perform an audit of all child support collections.⁹ In

⁸ Attached as **EXHIBIT D**.

⁹ Attached as **EXHIBIT E**.

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the email, Swaisgood reminded Murray of some of DIA's audit findings from six (6) years ago and made the following recommendations for corrective action:

- **Custody of Child Support Form**

The recent issues in the Clerk's Office involved the handling of child support forms. The Clerk's Office allowed people to take these forms home. We did bring this concern up during the Treasury audit that these forms need to be logged in sequential order, monitored and maintained (see recommendation below). In fact, these forms should always be in the custody of the cashier and should not be taken away from the office. Currently, that is the only record the County has to track and reconcile child support payments. If all forms had to be maintained, the December issue in the Treasurer's Office would have been detected.

- We recommend the Treasurer's Office create a document that can be given to the public with information needed to complete the child support form. The payer can either complete the form with the cashier or the cashier can complete the form. Either way, this form should be in the custody of the cashier at all time and maintained in sequential order. All "voids" currently documented on the log should have a form marked "void" to support the log entry. This has not been the case in Treasury as we recently discovered.

- **Recording of Child Support Payments in an Agency Fund**

As we stated in our audit report, child support collections should be recorded in an agency fund. The Treasurer's Office disagreed with this recommendation (see finding below). However, recording of child support payments in FAMIS (soon ERP) and reconciling those payments may have detected the issue in December. Now is a perfect opportunity to begin recording child support collections in the new ERP. You can use the CBTreasuryCashier to have the child support cashier enter child support payments into AR upon receipt. Recording of disbursement and a reconciliation process will need to be established. We will also make the same recommendation for the Clerk of Courts, CSEA, and Juvenile Ct.

- **Access to Child Support Drawer**

More than one person had access to the child support drawer which also resulted in the December incident. I know one person was dedicated to reconciling the child support drawer, but other cashiers had access to the drawer to take in payments. I know this was an attempt to address our recommendation (and it is better than what you had in 2013), but only one cashier should take in payments (not all cashiers) and reconcile the drawer, with supervisor review on the reconciliation.

V. Interviews

A. Jeannet Wright – March 7, 2019 and May 13, 2019

March 7, 2019

Wright serves as the Chief Deputy Treasurer and reports directly to Murray. During a meeting in Wright's office, she informed AIG and DIA representatives that a \$2,214.30 payment made on January 3, 2019 was missing. According to Wright, on March 5, 2019 a taxpayer contacted Treasury to find out why his/her payment had not yet been applied to their property records.

Wright stated that the taxpayer notified Treasury employees that her January 3, 2019 payment was not reflected in the County's online property records. According to the receipt provided by the taxpayer, \$2,114.30 of the payment was for property taxes and \$100 of the payment was to address an administrative lien fee applied by the County.

Wright stated that she found the pink copy of the form which was properly filed with the Taxpayer Services department. However, she was not able to locate an entry in the MVP system reflecting the payment, the cash or the white copy of the receipt as of the date of the interview.

Wright also stated that she reviewed video from January 4, 2019 that showed the cashier accept the payment and process the transaction according to Treasury standards. Wright told investigators that after processing the payment, the cashier took the payment, walked toward the lockbox where the OneStop payments are kept and returned to her station seconds later. There is no video of the payment being placed in the box because the box is in an area that is not in the view of a security camera.

Wright explained that OneStop payments are used to allow taxpayers to make payment to multiple County departments in one place. Specifically, this transaction allowed a taxpayer to pay for property taxes and a lien fee in one transaction.

Wright stated that the following employees have access to the cashiers' area:

- 1) Chris Murray
- 2) Jeannet Wright
- 3) H. Lynne Lewis
- 4) 4 Cashiers
- 5) 3 Cash management employees
- 6) 1 Administrative Assistant 2
- 7) 1 Accountant 2

Any other person who is given access to the employee area behind the cashiers' counter would also have access to the unlocked OneStop box. This could include janitors, IT employees and/or copy repair/service technicians.

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Wright was provided with Garrity¹⁰ information prior to the AIG interview.

Child Support

Wright agreed that the AIG's description of the child support process listed above was in place at the time the child support payment discussed above went missing. Wright stated that the office has a policy manual and agreed to provide it after the interview.

Wright stated that she did not recall any other issues with child support payment reconciliation or any other payments that were identified as missing. Wright also agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

Wright confirmed that management added a new requirement for accepting child support after the missing payments were identified. The employee accepting the payment is now required to log the transaction on a handwritten log. Additionally, when the payment is transferred to the employee assigned to collect the child support payments, both employees are required to sign the log to document the transfer.

Wright stated that she believes the child support collection process in place when the payment went missing is very similar to the process reviewed by internal audit in 2014. Wright was not aware of any changes made in the child support collection process as a result of the audit. Wright stated that she is not aware of any other DIA recommendations that were not implemented.

OneStop

Wright agreed that the AIG's description of the OneStop process listed above was accurate at the time the OneStop payment discussed above went missing. Wright said that she believed there was a OneStop policy and agreed to forward the Treasury policy manual to the AIG.

¹⁰ The Garrity form informs the recipient of the AIG's authority to compel the attendance of witnesses and warns that failure to submit to a witness interview will result in a referral to the County Executive for disciplinary action, up to and including removal from employment. The Garrity form then provides information relating to the employee's rights as a compelled witness, including the right to union representation and the Constitutional right to avoid making self-incriminating statements ("Garrity Rights"). In *Garrity v. New Jersey* (1967), 385 U.S. 493, the United States Supreme Court held that a compelled statement (under threat of termination of employment) made by a public employee to a public employer in furtherance of an employment-related investigation cannot be used against the public employee in any subsequent criminal prosecution. In addition, any information obtained as a result of this compelled statement cannot be used against the public employee in any subsequent criminal prosecution. The Garrity Form clearly sets forth this Constitutional protection.

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Wright stated that she did not know who was responsible for the missing \$2,214.32 OneStop payment. When asked if she suspected any one person of taking the money, she told investigators that there is no way to know for certain.

Wright stated that she did not recall any other issues with OneStop payment reconciliation or any other payments that were identified as missing.

Wright agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

According to Wright, management added a new requirement for accepting OneStop payments after the missing payments were identified. The payments are now reconciled Monday/Wednesday/Friday. The employee who is charged with entering the payments into MVP is assigned the OneStop lockbox and is required to keep the box secured. Additionally, the employee accepting the payment is now required to log the transaction on a handwritten log. Additionally, when the payment is transferred to employee with the lockbox, both employees sign the log to document the transfer.

Wright stated that she was not aware of any findings or recommendations from the 2014 DIA audit that addressed OneStop payments. Wright agreed that it would be reasonable to apply the cash handling recommendations made by DIA to all cash handling processes in the Treasury.

B. H. Lynne Lewis – March 15, 2019 / May 8, 2019

March 15, 2019

H. Lynne Lewis ("Lewis") currently serves as the Cashier Supervisor and she reports directly to Wright. In her current role Lewis oversees the processes and employees of the Cashier's Office.

Lewis met with AIG representatives to report that she was recently reminded of an incident when a child support cash payment was missing for a period of time in December of 2018. She reported that a \$2,200 child support payment made on December 24, 2018 was missing for approximately 11 days.

Lewis explained that she was made aware that the child support payment was missing on January 4, 2019 when the customer who made the payment called to inquire why it did not post to his account. She recalled that she asked the Treasury employee assigned to handle most of the child support payments to look into the issue.

Lewis stated that the \$2,200 child support payment was located on January 4, 2019 and that she was told it had fallen behind the cashier's drawer where payments are stored. Lewis told investigators that payments have occasionally been located behind cashier drawers in the past.

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Lewis was provided with Garrity information prior to the AIG interview.

Child Support

Lewis agreed that the AIG's description of the child support process listed above was accurate at the time the child support payment discussed above went missing.

Lewis stated that she did not recall any other issues with child support payment reconciliation or any other payments that were identified as missing. Lewis also agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

Lewis stated that management added a new requirement for accepting child support after the missing payments were identified. The employee accepting the payment is now required to log the transaction on a handwritten log. Additionally, when the payment is transferred to the employee assigned to collect the child support payments, both employees are required to sign the log to document the transfer

Lewis stated that she believed the child support collection process in place when the payment went missing is very similar to the process reviewed by internal audit in 2014 and she was not aware of any changes made in the child support collection process as a result of the audit.

OneStop

Lewis agreed that the AIG's description of the OneStop process listed above was accurate at the time the OneStop payment discussed above went missing. Lewis said that she believed there was a OneStop policy and agreed to forward the Treasury policy manual to the AIG.

Lewis stated that she did not know who was responsible for the missing \$2,214.32 OneStop payment. Lewis stated that she did not recall any other issues with OneStop payment reconciliation or any other payments that were identified as missing.

Lewis agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

According to Lewis, management added a new requirement for accepting OneStop payments after the missing payments were identified. The payments are now reconciled Monday/Wednesday/Friday. The employee who is charged with entering the payments into MVP is assigned the OneStop lockbox and is required to keep the box secured. Additionally, the employee accepting the payment is now required to log the transaction on a handwritten

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log. Additionally, when the payment is transferred to employee with the lockbox, both employees sign the log to document the transfer.

Lewis stated that she was not aware of any findings or recommendations from the 2014 DIA audit that addressed OneStop payments. Lewis agreed that it would be reasonable to apply the cash handling recommendations made by DIA to all cash handling processes in the Treasury.

C. Administrative Assistant 2 – March 15, 2019

The AA2 has worked for the County for approximately 25 years and currently works in the County Treasurer's Office.

AA2 stated that Child support payments are accepted exclusively by him (when he is available). He further explained that when he is not at his workstation any other cashier can take the payment. The other cashiers place the payment into AA2's unlocked lower drawer after accepting the payment.

AA2 uses two money drawers (upper drawer, lower drawer) located at his work station. The payments AA2 receives throughout the day are placed in the lower drawer. While reconciling the payments for the day, AA2 moves the funds from the lower drawer to the upper drawer which he sometimes locks.

AA2 explained that on January 4, 2019 he became aware of the missing child support payment as the result of a call from OCSS and Lewis asked him to "look into" the issue.

AA2 stated that he asked the Cashier who accepted the payment if she had any information about the payment. Initially, the cashier told AA2 that she did not know anything about the payment. AA2 stated that he left his work area for several minutes and, when he returned, he found the payment (\$2200 in cash along with the receipt) on the top of his drawer. He was certain the payment was not in his drawer before he stepped away.

According to AA2, after locating the payment he noticed that the cashier who took the payment was staring at him. She then asked him to tell Lewis that he found the payment stuck in the back of his drawer.

AA2 explained that he did not tell Lewis about the circumstances surrounding the payment reappearing instead he advised the cashier to report the information directly to Lewis. AA2 asserted that the payment could not have been stuck in his drawer for multiple days because he checks both of his drawers thoroughly at the start and end of each day.

D. Chris Murray – May 10, 2019

Murray is the County Treasurer and has worked in that role since 2015. Murray was provided with Garrity information prior to the AIG interview.

Child Support

Murray agreed that the AIG's description of the child support process listed above was accurate at the time the child support payment discussed above went missing.

Murray stated that he did not recall any other issues with child support payment reconciliation or any other payments that were identified as missing. Murray also agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

Murray stated that he believed the child support collection process in place when the payment went missing is very similar to the process reviewed by internal audit in 2014 and he was not aware of any changes made in the child support collection process as a result of the audit.

OneStop

Murray agreed that the AIG's description of the OneStop process listed above was accurate at the time the OneStop payment discussed above went missing.

Murray stated that he did not know who was responsible for the missing \$2,214.32 OneStop payment. Murray also told investigators that he did not recall any other issues with OneStop payment reconciliation or any other payments that were identified as missing.

Murray agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

Murray confirmed that management added a new requirement for accepting OneStop payments after the missing payments were identified. The payments are now reconciled Monday/Wednesday/Friday. The employee who is charged with entering the payments into MVP is assigned the OneStop lockbox and is required to keep the box secured. Additionally, the employee accepting the payment is now required to log the transaction on a handwritten log. Additionally, when the payment is transferred to employee with the lockbox, both employees sign the log to document the transfer.

Murray stated that he was not aware of any findings or recommendations from the 2014 DIA audit that addressed OneStop payments. Murray agreed that it would have been reasonable to apply the cash handling recommendations made by DIA to all cash handling processes in the Treasury.

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E. Employees with access to the Cashier's area where the unsecured cash was stored – May 2, 2019 through May 6, 2019

The following employees were interviewed between May 2, 2019 and May 6, 2019:

- 4 Cashiers
- 3 Cash management employees
- 1 Administrative Assistant 2
- 1 Accountant 2

The Cashier's Office is staffed by four cashiers. All of the cashiers accept payments and provide customer service, and one of the cashiers also processes NSF's and voids for return items. The AA2 balances daily sheets that reflect the money taken in each day and accepts and prepares daily deposit slips for child support payments. The Cashier's Office also has an Accountant 2 who balances cashier's drawers and makes bank deposits. All six of these employees report to Lewis, who reports to Wright, who reports to Murray.

All of the employees interviewed were provided with Garrity information and the unionized employees were given the opportunity to have a union representative present. Two (2) of the unionized employees elected to have a union representative present.

Child Support

All of the employees interviewed agreed that the AIG's description of the child support process listed above was accurate at the time the child support payment discussed above went missing. The employees recalled seeing process/policy documents when they were hired but did not recall seeing anything since.

None of the employees could recall any other issues with child support payment reconciliation or any other payments that were identified as missing.

All of the employees agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

According to the cashier employees, management added a new requirement for accepting child support after the missing payments were identified. The employee accepting the payment is now required to log the transaction on a handwritten log. Additionally, when the payment is transferred to AA2, both AA2 and the employee who accepted the payment sign the log to document the transfer

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OneStop

All of the employees interviewed agreed that the AIG's description of the OneStop process listed above was accurate at the time the OneStop payment discussed above went missing. The employees recalled seeing process/policy documents when they were hired but could not recall seeing anything since.

All employees interviewed asserted that they did not know who was responsible for the missing \$2,214.32 OneStop payment. When asked if they suspected any one person of taking the money, several of the employees stated that it could have been anyone because no one was accountable for the payments and the payments were stored unlocked in an area accessible to everyone in the department.

None of the employees could recall any other issues with OneStop payment reconciliation or any other payments that were identified as missing.

All of the employees agreed that the process in place at the time the funds went missing does not follow most of the State Auditor's best practices discussed above and did not provide adequate security and accountability for the child support cash collections.

According to the cashier employees, management added a new requirement for accepting OneStop payments after the missing payments were identified. The payments are now reconciled Monday/Wednesday/Friday. The employee who is charged with entering the payments into MVP is assigned the OneStop lockbox and is required to keep the box secured. Additionally, the employee accepting the payment is now required to log the transaction on a handwritten log. Additionally, when the payment is transferred to employee with the lockbox, both employees sign the log to document the transfer.

None of the employees interviewed had information related to the 2014 DIA audit findings or follow ups. Most of the employees were either not working at the County the time or were unable to recall any specific changes to the OneStop collection process since the audit.

VI. Previous Audits and Best Practices Review

A. Audits Conducted by the Cuyahoga County Department of Internal Audit

DIA completed an audit of Treasury operations in 2014¹¹ and subsequently conducted follow-up reviews in 2017¹² and 2018¹³.

¹¹ http://bc.cuyahogacounty.us/pdf_bc/en-US/InternalAudit/CCTreasurerInternalAuditReport-Jan-April2013.pdf

¹² http://bc.cuyahogacounty.us/pdf_bc/en-US/InternalAudit/TreasurersFollowUpReport.pdf

¹³ http://bc.cuyahogacounty.us/pdf_bc/en-US/AuditFollow-UpReport.pdf

At the AIG's request, DIA provided the following summary of the recommendations DIA made in their 2014 audit that relate to the Treasury's cash collection process:

Cash and Physical Security Controls Finding

DIA found that there were instances observed, in which cashiers left their cashiering window without locking their drawer and taking the key with them; checks received for real estate payments were kept outside the cash drawer and not locked away; during daily cash counts, a second person was not present to witness the count; child support payments and receipts, containing money and personal information (social security numbers and addresses), was kept unlocked all day; and child support payments and receipts were accessible to any employee in the Finance Department.

Recommendation:

- 1) Cashier drawers should be locked throughout the day when the cashier is not present at his or her drawer.
- 2) Checks received at the counter for real estate payments should always be locked in the cash drawer along with cash.
- 3) Two employees should be present during counts of the vault, cashier registers, banker's drawer, and child support monies.
- 4) All monies and personal information should be secured and locked at all times during the day, specifically child support payments.
- 5) The child support drawer should be assigned to one cashier, if possible, during a specified time period, i.e. daily or weekly.

Child Support Payments

DIA identified internal control reconciliation weaknesses around child support payment collections. Specifically, they found that Treasury was not accurately accounting for child support forms; lacked proper custody of child support forms; did not adequately secure child support payments as the collections were accessible to all cashiers in the area; and did not record child support payments in the County's financial system.

Recommendation:

- 1) Child support forms should be accurately accounted for. A log should be maintained if the Finance Department allows the payer to take a form home and return with payment on a later date. If forms are reported to CSEA in sequential order, the Finance Department should not document a form as "void" if payment is expected to be made with the "voided" form on a later date. Alternatively, the Finance Department should strongly consider not allowing the public to take the forms home.
- 2) DIA recommends that an agency fund be set up for the child support money received through the Office. A revenue line item should be posted when child support money is collected; an expenditure line item should be posted when child support money is passed on to the State.
- 3) DIA recommends that all receipts that are received by the Office be posted in a timely manner by General Accounting to the County's financial accounting system.

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- 4) The Office should communicate with General Accounting to make sure procedures are in place to establish such an internal control.
- 5) Furthermore, the Office should have adequate monitoring controls in place to assure receipts are posted in FAMIS in a timely manner.

During subsequent follow-ups, DIA made the following recommendations around child support collection:

- 1) We recommend the Treasurer's Office create a document that can be given to the public with information needed to complete the child support form. The payer can either complete the form with the cashier or the cashier can complete the form. Either way, this form should be in the custody of the cashier at all time and maintained in sequential order.
- 2) All "voids" currently documented on the log should have a form marked "void" to support the log entry. This has not been the case in Treasury as we recently discovered.
- 3) Child Support should be recorded in an agency. DIA recommended utilizing the new ERP system to establish a consistent process to record the payment for all agencies collecting child support payments.
- 4) Only one cashier should take in payments (not all cashiers) and reconcile the drawer, with supervisor review on the reconciliation.

Management's Response and Target Completion Date to DIA's findings on Child Support:

Child support is collected on behalf of the Child Support Enforcement Agency for the state administered program. The Cashier Department provides a daily deposit and receipt report to CSEA to reconcile revenues within its existing sub-fund. Since the deposits are made directly to CSEA's operating fund, Treasury questions the need for an agency fund which must also be reconciled by both departments. Child support information and monies are collected by more than one person and kept in a secured drawer until balanced by the primary (assigned) person.

B. Best Practices Review

After becoming aware of the Treasury's process for collecting and processing OneStop and child support payments, the AIG reviewed general recommendations from the Ohio State Auditor relating to cash handling best practices.

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The Ohio Auditor of State recommends the following five (5) basic cash handling best practices in its 2017 publication, *Pocketed Payments: Preventing Theft of Incoming Funds*¹⁴:

- 1) Collect payment and issue a duplicate receipt to the customer.
- 2) Secure the funds.
- 3) Post the payment to the billing and accounting systems.
- 4) Reconcile, or balance, the money on hand with documented amount.
- 5) Prepare a deposit slip and deposit funds with the bank daily.

The AIG's review of the process in place at the time of the two known incidents shows that the majority of the best practices recommended by the Ohio Auditor of State were not in place for either the child support or the OneStop payment processes.

Cash Handling Best Practices		Child Support	OneStop
1	Collect payment and issue a duplicate receipt to the customer	✓	✓
2	Secure the funds	X	X
3	Post the payment to the billing and accounting systems	X	X
4	Reconcile, or balance, the money on hand with the documented amount	X	X
5	Prepare a deposit slip and deposit funds with the bank daily	✓	X

¹⁴ <http://ohioauditor.gov/publications/clerk%20thefts%20report%20FINAL.pdf>, Pages 17-20 of the manual address cash handling best practices.

VII. Analysis

A. Missing Child Support Payment

The information gathered during this investigation indicates that a \$2,200 child support payment was received on December 24, 2018 but was not deposited on that day. Management did not become aware that the payment was missing until the client who made the payment called to report an issue. On January 4, 2019, 11 days after the payment was made, the money was located by the employee who accepted the payment on December 24, 2018. The employee told management that he/she located the missing payment behind the cash drawer used to store the child support payments. Additionally, although \$2,200 in cash had been missing for 11 days, the cashier supervisor did not report this incident to her supervisor, the AIG, or the DIA.

Best Practices

The child support collection processes used by Treasury during the time reviewed fail to provide any security or accountability to the funds collected and fall considerably short of the basic cash handling recommendations made by the Ohio State Auditor.

- **The child support collection process failed to comply with the 3 of the 5 best practices.**

The child support process directed cashiers to collect the money/issue a receipt and prepare deposit slips for daily bank deposits.

The process failed to comply with 3 of the 5 best practices reviewed. The funds were not secured because they were stored in an unlocked drawer. The payments were not posted to the billing and accounting systems. The money on hand was not balanced/reconciled with the documented amount. At the end of the day, a cashier did record the payments that were located in the unlocked drawer where they were stored; however, the transactions were not recorded as they came over the counter so there was no accurate record reflecting all payments received for the day.

DIA 2014 Audit and subsequent follow up reviews

In a 2014 report, DIA noted that child support payments and receipts, containing money and personal information was kept unlocked all day and that the child support payments and receipts were accessible to any employee in the finance department. They recommended that cashier drawers should be locked throughout the day when the cashier is not present at his or her drawer and that all monies and personal information should be secured and locked at all times during the day, specifically child support payments.

The DIA report warned that lack of effective cash collection controls hinders the reconciliation process and can lead to misappropriation of monies. The report further states that without

strong physical security, the opportunity for unauthorized access or theft of County-owned assets and personal information is present.

At the time of the incident, more than 4 years after DIA's report, the child support money and personal information was still stored in an unlocked drawer and accessible to multiple employees in the fiscal department.

B. Missing/Stolen OneStop Payment

The information gathered during this investigation indicates that a \$2,214.32 OneStop payment was taken on January 3, 2019 but was not entered into MVP or deposited into County accounts. Management did not become aware that the payment was missing until the client who made the payment called to report an issue more than 60 days after the payment was accepted by the Treasury. Treasury management reported that it was unable to locate the payment and a review conducted by DIA confirmed that the funds were not deposited.

Best Practices

The OneStop collection processes used by the Treasury during the time reviewed fail to provide adequate security or accountability for the funds collected and fall considerably short of the cash handling recommendations made by the Ohio State Auditor.

- **The OneStop collection process failed to comply with 4 of the 5 best practices.**

The OneStop process directed cashiers to collect the money and issue a receipt.

The funds were not secured because they were stored in an unlocked box. The payments were not posted to the billing and accounting systems for up to a week after receipt. The money on hand was not balanced/reconciled with the documented amount. Once a week, the assigned cashier did record the payments that were in the unlocked box. However, the transactions were not recorded as they came over the counter so there was no accurate record reflecting all payments received. Additionally, the funds collected were deposited weekly instead of the best practice which recommends cash transactions be deposited daily.

DIA 2014 Audit and subsequent follow up reviews

In a 2014 report DIA noted that child support payments and receipts, containing money and personal information was kept unlocked all day and that the child support payments and receipts were accessible to any employee in the finance department.

The DIA report warns that lack of effective cash collection controls hinders the reconciliation process and can lead to misappropriation of monies. The report goes on to say, without strong physical security, the opportunity for unauthorized access or theft of County-owned assets and personal information, is present.

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2019 Missing Cash Payment

At the time of the incident, the OneStop money was stored in an unlocked box, accessible to multiple employees in the fiscal department and only entered into the MVP system once a week. The OneStop forms issued by Taxpayer Services are not issued in numerical order or reconciled with the forms received by the cashiers. Additionally, the unlocked box was not in an area covered by security cameras.

Although this DIA recommendation does not directly reference OneStop payments, the Treasury should have applied this advice to all of their cash collection processes including the OneStop process.

C. Potentially Inaccurate Daily Cash Reports

In Ohio counties which operate with an elected treasurer and auditor, the County Treasurer is required to provide the county auditor accurate daily statements of amount of taxes received:

321.09 Daily statement to county auditor

Each business day, the county treasurer shall make a statement to the county auditor for the preceding day, showing the amount of taxes received and credited to the various undivided tax funds, the amount received on auditor's draft, the amount received from all other sources, the total amount deposited in the depository, the total amount paid by check on the depository, the total amount paid out in cash, the balance in the depository, and the balance in the county treasury.

Moreover, the Ohio Treasurer's Manual specifies the County Treasurer should provide accurate reports of daily cash records, daily statements and tax collection registers.

Daily Cash Records

Chronological. Contains a detailed daily record of treasurer's daily statement of transactions, showing cash balances and daily receipts and disbursements. Retention: three years after fiscal year end, provided audited. (Treasurer's Manual, p. 215)

Daily Statements, Form 6

Chronological. Contains daily statement of transactions to auditor showing cash balances, daily receipts and disbursements. Retention: three years after fiscal year end, provided audited. (Treasurer's Manual, p. 215)

Form 7, Tax Collection Registers

Chronological, treasurer's daily record of tax collections showing date, total collected, and for each payment, taxpayer, taxing district and amount paid and kind of tax. Retention: three years after fiscal year end, provided audited. (Treasurer's Manual, p. 215)

Here, the County uploads daily electronic statements. However, these daily electronic statements do not consistently provide accurate data because they do not correctly report cash OneStop tax payments. On days in which the County receives cash OneStop payments, the daily reports understate the cash received and the taxes received. On days during which the County includes the previously uncounted cash payments, the daily statements regarding the daily cash flows are overstated. Thus, it is likely that the County is not consistently providing accurate records of cash received and taxes paid for days on which the County receives cash tax payments which are set aside.

D. Additional Mishandled Payment

On May 23, 2019, the AIG became aware that another OneStop cash payment was mishandled. The AIG's preliminary review indicates that:

- May 13, 2019 – \$4,000 cash OneStop payment received by the Cashier's Office
- May 15, 2019 – Tax Payer Services employee notified Cashier's Office that the payment did not post in MVP
- May 15, 2019 – Cashier Supervisor located the payment on the desk of the cashier who accepted the payment two (2) days earlier.

Thus, from May 13th to May 15th, there was a \$4,000 cash payment that was missing and not properly secured. The AIG also learned that the Treasury temporarily implemented a policy that prevented cashiers from accepting **cash** OneStop payments between May 15, 2019 and May 17, 2019.

Although the AIG's review of this incident has not concluded, and management has made certain changes to the process, the information obtained thus far indicates that the process for handling OneStop payments remains inadequate.

VIII. CONCLUSIONS and RECOMMENDATIONS

Although the missing child support payment was eventually located, the Treasury's cash handling practices allowed a \$2,200 cash child support payment to go missing for approximately 11 days without being noticed.

Additionally, the Treasury's cash collection process for OneStop payments resulted in a missing cash payment of \$2,214.32. This payment was not identified as missing until the taxpayer inquired about the status of the payment over 60 days later and as of the date of this report is still missing.

After careful review of the evidence gathered in this investigation, **there is insufficient evidence at this time to identify who is responsible for the missing \$2,214.32 OneStop payment.** The AIG is unable to definitively trace the payment because the cash payments were stored in an unlocked box, multiple employees had access to the box, the money was not identified as missing for over 60 days and there is no video retained of the incident. This investigation also raises significant concerns regarding the child support and OneStop collection processes. Based on the information obtained in this investigation, the following current policies/procedures were identified as contributing to the missing/stolen funds:

- Cashiers not entering OneStop cash payments into MVP at time of payment;
- Cashiers not issuing receipts generated by MVP or other electronic record-keeping system;
- Cashiers not fully reconciling the payments received on a daily basis;
- Processing OneStop payments weekly, rather than daily or another more immediate time;
- Storing OneStop payments in an unlocked container outside of camera view and in a manner that permits unrecorded access by numerous employees;
- Allowing the key to the lockbox to remain in the lock;
- Failing to reconcile OneStop forms issued with the forms received;
- Failing to issue receipts on a sequential basis;
- Failing to implement and/or train on the best practices for handling cash as recommended by Ohio Treasurer of State;

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- Failing to implement the recommendations of the Department of Internal Audit for programs which require the handling of cash; and
- Failing to provide accurate daily records of cash and tax payments received.

Accordingly, it is our recommendation that this matter be referred to the Cuyahoga County Executive, Treasurer, Chief Talent Officer and Law Director for review. In addition, this matter should be referred to the County Audit Committee, the DIA Director and the Ohio Auditor of State. Furthermore, the Law Director should review the terms of the Treasurer's bond to determine if the County should seek restitution from the bonding company.

Finally, it is the recommendation of the AIG that the County Treasurer review the OneStop and child support payment processes and all other cash handling processes within the Treasury to ensure that they provide adequate security and accountability. In conducting this review, the Treasurer should consider the feasibility of implementing some or all of the best practices identified by the Ohio Treasurer of State and the DIA.

Among other changes, the AIG strongly recommends that the Treasury consider the following:

- All cash payments should be entered into the County's electronic records immediately at the time of receipt;
- All cash received should be supported by an electronically-generated and recorded receipt;
- All cash received should be recorded and reconciled on a daily basis;
- Each cashier should be individually responsible for all payments received on a daily basis;
- Cash should not be counted in areas accessible to public viewing;
- Daily reports should accurately reflect the taxes and cash received; and

The Treasurer should review the placement and coverage of security cameras in the Cashier's area to ensure there is optimal coverage.

The AIG is requesting that the Treasurer provide a response detailing his efforts to address the issues identified in this report to the AIG within sixty (60) days of the issuance of this report.

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Mark Cutright
Deputy Inspector General

Approval as to conclusions and recommendations:



Mark D. Griffin
Inspector General

May 24, 2019
Date

From: Chris Murray
Sent: Friday, May 24, 2019 1:37 PM
To: Mark Griffin
Cc: Matt Carroll; Dennis Kennedy; Mark Cutright
Subject: Treasurer Response to Agency of Inspector General Report

Thank you for the timely review of the incidents involving missing funds. I have carefully reviewed the findings listed and I have no issues with the recommendations as listed. Since the incident was discovered, I have tasked the Treasury management and myself with taking the necessary steps to ensure that this never occurs again and that all necessary actions are made quickly. Using the AIG's recommendations as a focal point, I can report that the following actions have occurred or are under review:

- Cashiers not entering One Stop cash payments into MVP at time of payment. As of 5-22-19, cash payments are posted daily by the One Stop processing cashier receiving the payment over the cashier that received it over the counter.
- Processing One Stop payments weekly, rather than daily or another more immediate time. As of 5-22-19, One Stop payments are collected daily by the cashier receiving the payment over the counter. The receiving cashier is responsible to transfer the One Stops to the assigned processing cashier for that day. The processing cashier for the day is selected by the cashier supervisor.
- Storing One Stop payments in an unlocked container outside of camera view and in a manner that permits unrecorded access by numerous employees. As of 3-8-19, use of the One Stop box has been discontinued; all cash payments are kept in the cash drawer by the individual cashier receiving the payment over the counter. Daily reconciliation for One Stops is the responsibility of 1 specific cashier, assigned by the cashier supervisor.
- Failing to issue receipts on a sequential basis; The divisions that issue the One Stop forms, Taxpayer Services and Delinquency Response Unit will submit a daily log of all One Stops to the Investment and Cash Manager. The cashier supervisor will submit a daily log of all One Stops processed to the Investment and Cash Manager on a daily basis. Each day the Investment and Cash Manager will determine if the issued form logs match the processed form logs. If there is a discrepancy, the Deputy Treasurer and the Treasurer will be notified.
- Storing Child Support payments in an unlocked drawer accessible to numerous employees; The employee responsible for the reconciliation of child support will lock the desk when unoccupied. Child support payments are posted daily by the child support processor receiving the payment over the counter or via physical transfer from the cashier (as of 5-22-19) that received the payment over the counter. Only the cashier supervisor or their designee will have access to the child support drawer other than the child support processor.
- Failing to implement and/or train on the best practices for handling cash as recommended by Ohio Treasure of State; Deputy Treasurer will research the available training opportunities and make a recommendation to the Treasurer.
- Failing to implement the recommendations of the Department of Internal Audit for programs which require the handling of cash; According to the Follow Up to the Treasurer's Office dated March 20, 2017, the county had fully implemented 85% of the recommendations with 5 recommendations withdrawn after the second follow up in September 2017 pursuant to the original report issued in 2014. This report does not specifically address cash handling activities but the Treasury is taking steps to rectify these issues. See the activities implemented or planned for immediate action listed above.
- Failing to provide accurate daily records of cash and tax payments received; Consistent with prior practice all daily cash reports have reconciled to the bank. Daily reconciliation starts at 3 pm for the cashiers. Cash receipts made after 3 pm are stored in the vault and are posted the following business day and reconciled to the bank on

that next business day. With the changes to the cash receipting on the same day for One Stops the daily reconciliation to bank activity will continue, albeit with the daily receipting of all One Stop receipts.

I also want it to be noted that Public works has been alerted regarding the camera issues briefly highlighted in the report. I will be making recommendations on changes to the camera views and locations based on the need for full coverage of all cashier windows, cashier work spaces, and vault hallway to the Fiscal Officer and County Executive. If you have any further questions or comments please contact me or the Deputy Treasurer, Jeannet Wright, at 443-3784.

W. Christopher Murray II
Cuyahoga County Treasurer
2079 East Ninth Street
Cleveland, Ohio 44115
cmurray@cuyahogacounty.us
(216) 443-7175

www.treasurer.cuyahogacounty.us

CUYAHOGA COUNTY TREASURER'S OFFICE

Cost Billing Invoice
REAL ESTATE TAX COSTS

EXHIBIT

B

Parcel #: 138-26-002

Tax Foreclosure Case #: _____

☒ Redeemed☐ Contract #: _____Itemized Costs:☐ County Executive

Title Report

☐ Clerk of Courts

Court Costs

☐ County Sheriff

Sheriff's Costs

☒ County Treasurer

Taxes

Treasurer Fees:☒ Administrative Fee 100☐ Title Search☐ Notification

Treasurer Fees

PAYABLE TO CUYAHOGA COUNTY TREASURER

Total Cost

Payable by Cash, Certified Check or Money Order

NO PERSONAL CHECKS

Pursuant to Ohio Revised Code Sections 323.31, 5721.25 and/or 5721.31(D), all costs incurred relative to the collection of delinquent real estate taxes must be paid to redeem this property. The costs provided herein are an estimate. It is possible that additional costs are due and shall remain your obligation as the taxpayer/owner of the property.

Signature of Owner/Agent

Date

Printed Name of Owner/Agent

Name of Company and Position (if applicable)

Address of Owner/Agent

Telephone Number

Verification of amounts by Prosecutor's Office per _____

Prepared by _____

Date _____

Photocopy of payment instrument must be on the reverse side of goldenrod copy.

Distribution: WHITE-Treasurer CANARY-Taxpayer PINK-Prosecutor GOLDENROD-Tax Cert.

CUYAHOGA COUNTY TREASURER'S OFFICE

Cost Billing Invoice
REAL ESTATE TAX COSTS

Parcel #: _____

Tax Foreclosure Case #: _____

☐ Redeemed☐ Contract #: _____Itemized Costs:☐ County Executive

Title Report

☐ Clerk of Courts

Court Costs

☐ County Sheriff

Sheriff's Costs

☒ County Treasurer

Taxes

Treasurer Fees:☐ Administrative Fee☐ Title Search☐ Notification

Treasurer Fees

PAYABLE TO CUYAHOGA COUNTY TREASURER

Total Cost

Payable by Cash, Certified Check or Money Order

NO PERSONAL CHECKS

Pursuant to Ohio Revised Code Sections 323.31, 5721.25 and/or 5721.31(D), all costs incurred relative to the collection of delinquent real estate taxes must be paid to redeem this property. The costs provided herein are an estimate. It is possible that additional costs are due and shall remain your obligation as the taxpayer/owner of the property.

Signature of Owner/Agent

Date

Printed Name of Owner/Agent

Name of Company and Position (if applicable)

Address of Owner/Agent

Telephone Number

Verification of amounts by Prosecutor's Office per _____

Prepared by _____

Date _____

Photocopy of payment instrument must be on the reverse side of goldenrod copy.

Distribution: WHITE-Treasurer CANARY-Taxpayer PINK-Prosecutor GOLDENROD-Tax Cert.

CUYAHOGA COUNTY TREASURER'S OFFICE

Cost Billing Invoice
REAL ESTATE TAX COSTS

Parcel #: 546.37 - 127

Tax Foreclosure Case #: _____

☐ Redeemed☒ Contract #: 220238

Itemized Costs:

☐ County Executive☐ Clerk of Courts☐ County Sheriff☐ County Treasurer

Treasurer Fees:

☒ Administrative Fee☐ Title Search☐ Notification

PAYABLE TO CUYAHOGA COUNTY TREASURER

Payable by Cash, Certified Check or Money Order
 NO PERSONAL CHECKS

Title Report

Court Costs

Sheriff's Costs

Taxes

Treasurer Fees

Total Cost

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CASH PAYMENT RECEIPT

No 1250953

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF CHILD SUPPORT SERVICES
TREASURERS OFFICE

Date: 12/24/13

Payer: [REDACTED] 18 DEC 24 AM 10:42

Address: [REDACTED] Soc. Sec. No.: [REDACTED]

City, State, Zip: PACMA 014 44134

Apt. _____

Phone No. (required): Hom [REDACTED]

Cell SAME

E-mail Address [REDACTED]

SETS Case No.: [REDACTED]

Order No.: [REDACTED]

Obligee: [REDACTED]

Children [REDACTED]

Children [REDACTED]

\$2200.00

PAYMENT AMOUNT

\$ 2200.00

PLEASE FILL OUT COMPLETELY TO ENSURE PROPER PROCESSING OF PAYMENT

4297 © 105

EXHIBIT

D

tabbies

Subject: FW: Child Support Collections

From: Cory Swaisgood

Sent: Thursday, April 11, 2019 11:17 AM

To: Chris Murray <cmurray@cuyahogacounty.us>; Jeannet Wright <jwright@cuyahogacounty.us>

Cc: Angela Rich <arich@cuyahogacounty.us>

Subject: Child Support Collections

Good Morning Chris and Jeannet,

Recent issues on child support cash handling at the Clerk of Courts' Office has resulted in an audit request on all child support collection in the County from the Prosecutor's Office and CSEA. Realizing there has been recent issues in handling child support payments in the Treasurer's Office, as well, I want to provide some recommendations for corrective action and remind you of the recommendations from my Office 6 years ago.

- **Custody of Child Support Form** - The recent issues in the Clerk's Office involved the handling of child support forms. The Clerk's Office allowed people to take these forms home. We did bring this concern up during the Treasury audit that these forms need to be logged in sequential order, monitored and maintained (see recommendation below). In fact, these forms should always be in the custody of the cashier and should not be taken away from the office. Currently, that is the only record the County has to track and reconcile child support payments. If all forms had to be maintained, the December issue in the Treasurer's Office would have been detected.
 - We recommend the Treasurer's Office create a document that can be given to the public with information needed to complete the child support form. The payer can either complete the form with the cashier or the cashier can complete the form. Either way, this form should be in the custody of the cashier at all time and maintained in sequential order. All "voids" currently documented on the log should have a form marked "void" to support the log entry. This has not been the case in Treasury as we recently discovered.
- **Recording of Child Support Payments in an Agency Fund** – As we stated in our audit report, child support collections should be recorded in an agency fund. The Treasurer's Office disagreed with this recommendation (see finding below). However, recording of child support payments in FAMIS (soon ERP) and reconciling those payments may have detected the issue in December. Now is a perfect opportunity to begin recording child support collections in the new ERP. You can use the CBTreasuryCashier to have the child support cashier enter child support payments into AR upon receipt. Recording of disbursement and a reconciliation process will need to be established. We will also make the same recommendation for the Clerk of Courts, CSEA, and Juvenile Ct.
- **Access to Child Support Drawer** - More than one person had access to the child support drawer which also resulted in the December incident. I know one person was dedicated to reconciling the child support drawer, but other cashiers had access to the drawer to take in payments. I know this was an attempt to address our recommendation (and it is better than what you had in 2013), but only one cashier should take in payments (not all cashiers) and reconcile the drawer, with supervisor review on the reconciliation.

I will be in touch to follow-up on this. I do think you have an opportunity to improve controls and accountability around child support cash collection with this new system. Now is the time to make those changes. Below are recommendations and your responses from our 2013 audit.

Let me know if you have any questions. Thanks.

Recommendation:

To improve internal controls over asset and personal information security, we recommend the Office adhere to current policies and procedures, and develop additional policies and procedures to include the following:

- Cashier drawers should be locked throughout the day when the cashier is not present at his or her drawer.
- Checks received at the counter for real estate payments should always be locked in the cash drawer along with cash.
- Two employees should be present during counts of the vault, cashier registers, banker's drawer, and child support monies.
- All monies and personal information should be secured and locked at all times during the day, specifically child support payments.
- The child support drawer should be assigned to one cashier, if possible, during a specified time period, i.e. daily or weekly.

Recommendation:

DIA recommends the Office follow their policies and procedures noted above. This includes maintaining documentation and explanation for all voids. Their policies and procedures should also be reviewed (See Policy and Procedure Manual Review comment page 17) to include, but not be limited to the following:

- Voids should be regularly reviewed for appropriateness and for any indication of fraud or abuse.
- Voids should be approved by the cash/investment management officer, evident by initials and date on the supporting documentation.
- A summary of all voids should be maintained by the Finance Department indicating the cashier, amount, and date of each void.
- Child support forms should be accurately accounted for. A log should be maintained if the Finance Department allows the payer to take a form home and return with payment on a later date. If forms are reported to CSEA in sequential order, the Finance Department should not document a form as "void" if payment is expected to be made with the "voided" form on a later date. Alternatively, the Finance Department should strongly consider not allowing the public to take the forms home.

Recording Child Support Receipts in FAMIS

Agency funds are to be used for monies that are held in trust by governments for the use and benefit of other individuals and entities. During testing of child support payments made to the Office, DIA noted the payments are not posted to FAMIS in an agency fund.

It is the understanding of the Office not to record the receipt or expenditure of child support monies collected from customers and passed on to the State in the County's accounting system.

Failure to account for monies that pass through the County can result in an understatement of both revenue and expenditure of agency money.

Recommendation:

DIA recommends that an agency fund be set up for the child support money received through the Office.

A revenue line item should be posted when child support money is collected; an expenditure line item should be posted when child support money is passed on to the State.

Management's Response and Target Completion Date:

Child Support is collected on behalf of the Child Support Enforcement Agency for the state administered program. The Cashier Department provides a daily deposit and receipt report to CSEA to reconcile revenues within its existing sub-fund. Since the deposits are made directly to CSEA's operating fund, Treasury questions the need for an agency fund which must also be reconciled by both departments.